

# ***Bland Air Conditioning & Heating, INC.***

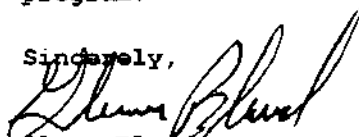
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January 16, 2004

Commissioners of the CPUC,

This is the beginning of our third year participating in the Check Me program. During this time we have serviced thousands of air conditioning units. Approximately 70-80% of those units have required some type of repair in order to operate at manufacturer design capacity and efficiency. Because of the Check Me program, we were able to make those repairs. By servicing thousands of units we have found that lack of performed maintenance is not discriminatory in regards to the age of the system. The systems requiring repairs range in age from almost brand new to 40 years old. It has been our experience to find that most customers keep their equipment in service for at least 20-25 years. In 2002, most of our work was focused in the PG&E service territory. In 2003, and presently our work is primarily in the SCE service territory. We are finding the same results in both territories, and feel there is a great need for this program to continue in all territories. Last year (2003), was lower in productivity because of the unusually wet year. One of the restrictions in the program, is that the ambient temperature must be at least 55 degrees Fahrenheit. The Spring of 2003 was extremely cool. To add to our frustration, when Summer did finally arrive it came in with a vengeance. Our cool spring ended abruptly with extremely hot temperatures. This forced us to assign our Check Me technicians to repair calls. This year we made a few changes to increase and maintain production. We have formed a Check Me division of the company and hired technicians specifically for that division. Also, because of our technical knowledge and perspective as field technicians we find that doing our marketing in-house is more effective. Currently we have approximately 4,000 units scheduled to check and a general consensus among meteorologists that the weather will be good. I think 2004 will be our most productive year to date. With regards to the incentives, currently it's about a break even. If incentives were reduced, we would probably consider spending our marketing dollars elsewhere. We staff skilled technicians for the program, this comes with a high price. Also, the ever increasing cost of insurance compounds the problem. We feel very strongly at Bland Air Conditioning and Heating, Inc. that all air conditioning efficiency programs such as Check Me and duct sealing are performed by skilled tradesmen. In our opinion, approaching it in any other way would severely jeopardize the quality and integrity of the program.

Sincerely,



Glenn Bland  
President

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